

# PUBLIC WORKSHOP



Idaho Power Company's  
Application to Increase Rates and Recover  
Costs for the North Valmy Power Plant  
Case No. IPC-E-16-24

IDAHO PUBLIC UTILITIES COMMISSION

March 21, 2017



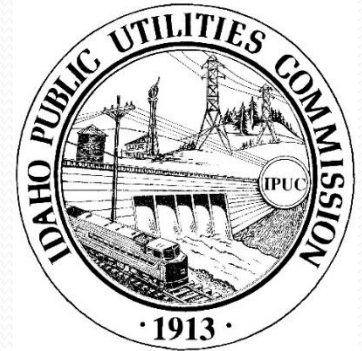
# Purpose of the Workshop

- Summarize the Company's request.
- Receive input from customers that will help Commission Staff develop its comments to be filed April 20, 2017.
- Answer questions.

The Staff does not have a position on the merits of the Company's application at this time because it is still evaluating the case. Staff will take a position when it files its comments.

This workshop is not part of the official case record.

# What is the Idaho Public Utilities Commission?



- Established in 1913.
- The IPUC regulates Idaho's investor-owned utilities, ensuring adequate service and reasonable rates.
- The Commission is made up of three commissioners appointed by the Governor. The commissioners make the decisions.
- Commission Staff is conducting this workshop. We are one of the parties in the rate case presenting evidence to the commission.



## Purpose of the Filing

- To recover costs associated with the early retirement of North Valmy Coal Plant.
- Valmy is a coal-fired power plant that consists of two units located near Winnemucca, Nevada.
  - Idaho Power owns 50% and NV Energy owns 50%.
- Idaho Power claims evidence supports closing Unit 1 and Unit 2 of Valmy in 2025 rather than 2031 and 2035, respectively.
- Early closure of plant saves customers \$103 million over the remaining life of the plant.



## What is Meant by Accelerated Depreciation?

- Depreciation expense allows the utility to recover the cost of the depreciable asset over the useful life of the asset.
- According to Idaho Power Company, “The accelerated depreciation schedule for Valmy requires advancing the recovery of the remaining plant investment costs. Similar to paying off a home or car loan early, costs are compressed into a shorter schedule. If Idaho Power uses a schedule that ends in 2025, it would result in a \$28.5 million increase to accelerate recovery...”



## Proposed Rate Increase Driven by:

- Accelerated depreciation of existing investment (\$39.8 M)
  - Projected capital investment prior to end of life (\$4.4 M)
  - Plant decommissioning costs (\$1.8 M)
- 
- \$46.0 M net of \$17.5 M currently in base rates =  
\$28.5 M increase

# Proposed Rate Increase to Recover Costs for North Valmy



- Revenue increase \$28.5 million
- Billed Revenue change 2.51% increase
- Requested effective date June 1, 2017



## **Proposed Customer Class Rate Increases**

- Residential customers: 2.42%
- Small General Service customers: 2.30%
- Large General Service & Lighting customers: 2.58%
- Large Power and Special Contract customers: 2.58%
- Irrigation customers: 2.64%

# Commission Staff Audit & Review



Auditors, Engineers, and Utility Analysts review utility records to:

- Verify reported:
  - Capital investments
  - Expenses
  - Compliance with Commission orders
- Determine revenue requirement

During this investigation, Staff analyzes:

- Capital expenditures and plant investments (past & future)
- Operation and maintenance expenses including:
  - Taxes
  - Depreciation
  - Insurance
- Recovery mechanism

# Case Timeline



- Idaho Power Company files an application to increase rates to recover accelerated depreciation and related costs associated with the North Valmy Power Plant – October 21, 2016
- This case was filed concurrently with the company's request to increase overall depreciation rates, IPC-E-16-23
- Intervention deadline established – December 5, 2016
- PUC staff initiates audit and analyzes company's application and records to develop recommendations – ongoing since October 2016
- Staff and intervenors file comments – April 20, 2017
- Commission Order issued – Likely in mid- to late-May, 2017
- Company requested effective date – June 1, 2017

# How do I file a comment regarding a case?



- Reference Case No. IPC-E-16-24
- Blank customer comments sheets are available for you to leave with Staff tonight or mail directly to the Commission:

Idaho Public Utilities Commission  
P.O. Box 83720  
Boise, Idaho 83720-0074

- Written comments can be filed electronically via the Commission website at: [www.puc.idaho.gov](http://www.puc.idaho.gov)
- Look for the case comment form under "Consumers" on the home page. Enter the case number cited above.
- If you would like to have your comments considered in this case they must be received by end-of-business April 20, 2017

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IDAHO Public Utilities Commission

P.O. Box 83720 Boise, ID 83720-0074  
472 W. Washington Boise, ID 83702  
Ph: 208.334.0300  
Fx: 208.334.3762

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- » FER-E-05-01 - FERC DOCKET P-1971-079 -- IDAHO POWER HELLS CANYON HYDRO RELICENSING
- » IPC-E-14-15 - IDAHO POWER -- ENERGY SALES AGREEMENT WITH CLARK CANYON HYDRO, LLC
- » IPC-E-16-23 - IDAHO POWER -- APPLICATION FOR AUTHORITY TO INCREASE RATES-REVISED DEPRECIATION RATES
- » IPC-E-16-24 - IDAHO POWER -- APPLICATION FOR AUTHORITY TO INCREASE RATES-RECOVER COSTS NORTH VALLEY
- » IPC-E-16-28 - IDAHO POWER -- APPLICATION FOR CPON FOR WOOD RIVER VALLEY
- » IPC-E-16-29 - IDAHO POWER -- JOINT APPLICATION WITH UNITED ELECTRIC CO-OP TO APPROVE CUSTOMER ALLOCATION AGREEMENT
- » IPC-E-16-32 - IDAHO POWER -- APPLICATION FOR DETERMINATION OF HELL'S CANYON RELICENSING COST
- » IPC-E-16-33 - IDAHO POWER - APPLICATION TO REVISE THE ENERGY EFFICIENCY RIDER, TARIFF SCHEDULE 91
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- » IPC-E-16-35 - IDAHO POWER - APPLICATION FOR FIRST AMENDMENT TO ESA WITH AMERICAN FALLS SOLAR II, LLC PROJECT
- » IPC-E-17-01 - IDAHO POWER -- PETITION FOR DECLARATORY ORDER - CONTRACTS FOR BATTERY STORAGE FACILITIES
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- » PAC-E-16-14 - PACIFICORP - APPLICATION FOR PRUDENCY DETERMINATION ON DEMAND-SIDE MANAGEMENT EXPENDITURES
- » PAC-E-17-01 - PACIFICORP -- APPLICATION TO EXTEND THE 2017 PROTOCOL THROUGH DECEMBER 31, 2019

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# Comments Webpage

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## CASE COMMENT OR QUESTION FORM

Use this form to file a comment or ask a question about a case pending before the Commission. If you know the case number, please include it.  
Submit electronically below or send in to:  
Idaho Public Utilities Commission  
P O Box 83720  
Boise, Idaho 83720-0074  
FAX: (208) 334-3762

**Please provide the following information:**

**Required \***

Case Number:

First Name: \*

Last Name: \*

Address: \*

City: \*

State: \*

Zip: \*

Daytime Phone:

Email: \*

Name of Utility Company: \*

Check Box to Acknowledge: \*  
☐

*I acknowledge that submitting a comment in a current case constitutes a public record under Idaho Code 59-337(13) and all information provided by me on this form is available for public and media examination. Your comment may be reviewed by the utility.*



# QUESTIONS

You can find case information or file comments on the PUC website:

[www.puc.idaho.gov](http://www.puc.idaho.gov)

(208) 334-0300

(800) 432-0369